



DMTF Financial Process and Procedures

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Notice

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1 Budget preparation

The DMTF has a fiscal year that runs from April 1st to the following March 31st. Each year a budget must be developed to ensure that programs and services are funded. The goal of the budget is to spend all of the yearly income and maintain a reserve to permit at a minimum six months operation assuming no additional membership income.

1.1 Expense Budgeting

This process normally should start in December and the final version ratified in the March Board meeting. The initial draft is the responsibility of the DMTF Treasurer / VP of Finance. It should be developed with input from last years budget along with input from the various VPs including, Technology, Alliances, Interoperability, and Marketing. The President is responsible for the operational budget and is expected to work with the various VPs to understand any overhead budgets that may need adjusting.

1.2 Income Budgeting

The VP of Finance should work with the VP of Membership when preparing the proposed income budget for the following year as the bulk of DMTF's income is from membership dues. Members are invoiced in February for a period which is in alignment with our fiscal year April 1st thru March 31st of the following year. Any members who join or change membership level mid year have their membership dues prorated based on the following schedule. The Board may choose to assess a late fee on Membership dues that remain unpaid on July 1st.

1.3 Forum Budget Preparation

Forums in the DMTF may have their own budgets. These budgets run on the same cycle and cover the same fiscal year. The goal of the Forums is for them to be self sufficient and hence their budgets should include all programs and services they will require for the coming years activities.

2 Budget Approval

All budgets must be approved by the DMTF Board of Directors. During a board meeting prior to April 1st of each year the Board is presented by the VP of Finance a proposed budget for review and approval.

2.1 Budget Approval Process

The DMTF VP of Finance reviews the proposed budget with the DMTF Executive Committee prior to the last DMTF Board of Directors meeting before April 1st of each year. The review is to ensure that all of the guidelines and process have been followed in the development of budget and to ensure all VPs with budget responsibility agree with the assumptions and budget targets. When all of the VPs are satisfied with the final proposed budget it gets circulated to the DMTF Board a minimum of 48 hours prior to the final Board approval.

3 Contract Approval

All contracts need to be reviewed by DMTF legal counsel and approved by the DMTF Board of Directors. Money must be in an approved budget before it can be approved by the Board. All contracts should use the standard DMTF contract template when possible. Long term contracts involving allocation of funds shall not run over a year in length and must be re-newed in synchrony with the DMTF fiscal year. Contracts should be renewable at the beginning of each fiscal year (April, 1). This allows contract commitments to not exceed currently approved budgets.

4 Statements Of Work Approval

From time to time additional work items need to be added to existing contracts. All Statements Of Work (SOWs) must be reviewed by the DMTF Executive Committee to ensure that:

- A current contract is in place.
- That the work to be performed has budget funds allocated.
- That verbiage in the SOW does not supersede any terms of the existing contract.

If all of the above items are true and three members of the Executive Committee approve then the SOW can be signed by the DMTF President.

If the SOW does contain language that modifies terms and conditions in the current contract it must be submitted to DMTF legal for review and requires DMTF Board of Directors approval. If the SOW does exceed current budget by more than \$5,000 then it must go to the DMTF Board of Directors for approval. If the SOW does exceed the current budget by \$5,000 or less this addition can be approved by the DMTF Executive Committee.

5 Invoice Approval

All contractors and suppliers will provide invoices for goods and services for which they wish to be paid or reimbursed.

5.1 DMTF Operational Invoice Approval Process

For all invoices that need to be paid from the DMTF Operational Budget, the invoice is reviewed by the DMTF President to ensure that:

- It is budgeted in the current operational budget
- It does not exceed the contracted and budgeted amount.
- That the service or goods were actually received by the DMTF.

Note: On occasion the DMTF is required to pay a portion in advance. This should only be done if it is contractually required.

The DMTF President may be required to check with other DMTF Executives to ensure the service or goods have been supplied to our satisfaction. If the invoice is not approved it must be marked not approved along with reason for non-payment and returned to the vendor that issued the invoice.

Once an invoice is approved for payment it will be marked as follows:

- Signed and dated by the DMTF President
- “Approved”
- The DMTF Board resolution number that gives authority for budget or payment

5.2 DMTF Forum Invoice Approval Process

For all invoices that need to be paid from a DMTF Forum Budget, the invoice is reviewed by the particular DMTF Forum Chair to ensure that:

- It is budgeted in the current forum budget
- It does not exceed the contracted and budgeted amount.
- That the service or goods were actually received by the DMTF Forum.

Note: On occasion the DMTF is required to pay a portion in advance. This should only be done if it is contractually required. If the invoice is not approved it must be marked not approved along with reason for non-payment and returned to the vendor that issued the invoice.

Once a forum invoice is approved for payment it will be marked as follows:

- Signed and dated by the appropriate DMTF Forum Treasurer.
- Signed and dated by the DMTF President
- “Approved”
- The DMTF Board resolution number that gives authority for budget or payment

6 Payment Approval

Normally all payments are made by DMTF using paper checks.

All DMTF checks require two signatures: one from the DMTF Corporate Secretary and another by the VP of Finance or Chair of the Board of Directors. Once an invoice is approved by the DMTF President the signed invoices are sent to the Corporate Secretary who prepares check for the invoiced amount. The check along with a copy of the signed invoice goes to the VP of Finance. The VP of Finance reviews the invoice to ensure that it has the required signature(s) and that the invoice amount does not exceed budgeted amount. The VP of Finance then signs the check and returns it to the Corporate Secretary,

who then proceeds to affix his signature on the check and arrange to deliver the same to the vendor for payment In a timely manner.

If the vendor requires electronic payment then the invoice serves in lieu of the check for receiving signature approval from the VP Finance and the Corporate Secretary. That is, the exact same procedure that the VP Finance and the Corporate Secretary follow in order to sign a check is followed, except the approval signature is affixed to the invoice. Upon receiving the necessary approval signatures the invoice is kept in record and serves as the authorization to make the electronic payment, which is handled by DMTF's bank as per instructions delivered to it by the Corporate Secretary.

If the VP of Finance is unavailable for an extended period which may cause DMTF payments to be late, countersigning of the checks, or invoices and review of the invoices may be performed by the Chair of the Board of Directors.

7 Budget Adjustments

During the course of a year it may be necessary to modify an existing budget. Due to the fact that most of the DMTF member dues are received by August, Budgets are normally reviewed during the August DMTF Board of Directors meeting. If income for the year is less than originally forecast then projects that have been targeted but not committed may be curtailed or canceled. It is also possible to shift budget dollars from one activity that may be under budget to another activity to compensate for the shortfall. The budget adjustments are then approved by the DMTF Board of Directors and a new revised budget is created and made available to the Board of Directors.

8 Travel Expenses Approval

From time to time travel may be required by one of the DMTF vendors. All vendors require prior approval for travel if the travel does not have a separate budget line item. Travel approval requests must be made in advance of the travel and submitted to the DMTF Executive Committee.

9 Miscellaneous Expense Approval

Any expenses that are not covered by the current DMTF budget or DMTF Forum budgets requires pre-approval. If the expense is greater than \$5,000 it needs pre-approval by the DMTF Board of Directors. Any expense \$5,000 or less needs prior approval by the DMTF Executive Committee.

10 Monthly Budget Review and Reports

Reports of current financial status should be reviewed by the VP of Finance at a minimum monthly. Financial reports with latest YTD versus budget figures should be provided to the Board at each Board of Directors face-to-face meeting which normally occurs bi-monthly.

11 Annual Audit

All DMTF Financial transactions, policies, and procedures shall be audited by a qualified auditor who is independent of any of the current DMTF contractors or suppliers. A copy of the results must be reviewed by the VP of Finance and presented to the DMTF Board of Directors. Any recommendations of improved process as indicated by the auditors should be highlighted to the DMTF Board of Directors with the goal of adopting the identified process improvements.